CIRM RFA-07-01

APPLICATION # CL1-00509-1

STAFF ANALYSIS

FEASIBILITY:

Project Scope: The project will renovate existing space to provide a dedicated hESC research core facility. The core space is adjacent to, and part of, an existing dedicated hESC laboratory that will house a shared equipment room to support the core lab. The scope of work includes demolition of walls, ceilings, floors and rebuilding of the space to accommodate new hoods and bench space. The HVAC system will be upgraded to class 100,000 standards. New security, alarm and data systems will be installed. The plans provided in support of the project are early schematic design drawings.

The proposed improvements involve 900 assignable square feet (asf) consisting of three rooms (a ESC culture room, investigator's research laboratory and equipment room) and a portion of the space in a larger laboratory. The gross and assignable areas are indicated as equivalent, though there are no service rooms or circulation in the project area. A rough take-off from the drawings confirmed the square footages provided as being assignable area.

Project Management: The proposal identifies construction management processes that are in place at the institution with appropriate institutional management support.

COST:

The construction contract estimate of $302,667 consists of three line items—telecom lines, asbestos removal and general construction. Additional institutional based work amounts to $15,912. The project is also subject to California Office of Statewide Health Planning and Development with plan check and permit fees amounting to $6,237. The design fees, administrative costs and project contingency total $104,849 and represent 33 percent of the construction amount. This amount exceeds the RFA budget guidelines of 25 percent by $25,204. The extra amount is mostly due to design fees being 18 percent of the construction amount.

The overall cost per asf for the renovation work is $470. To convert this to a comparable figure for gross square feet (gsf) in a typical research-intensive building, one would assume an overall building efficiency of assignable-to-gross area of 60 percent. Thus, the 900 asf would equate to 1,500 gsf if one considers the full complement of building space (e.g. the gross building area including circulation and support) constructed to support the area to be renovated. Using this calculated gross area, the cost per gsf would amount to $282/gsf. This provides a more meaningful comparison to new laboratory building construction costs. We conclude that the average cost for new laboratory construction would be about $600/gsf, excluding land and site utilities. This amount would vary

widely within California, but is being used here as an indicator of new construction value for comparative purposes. Based on this comparison, we conclude that the renovation work represents about 47 percent of the cost of new laboratory space. Our analysis indicates that costs should not exceed about 65 percent of new construction in order to be considered a reasonably good investment to provide new hESC laboratory space.

The applicant indicates that the shared laboratory would be able to accommodate the NIH-free laboratory space needs for 6 institutional-based Principal Investigators (PIs). Considering only the 6 institutional-based PIs, the cost per PI would be about $71,000. Based on CIRM funding only (construction and equipment) the cost per institutional-based PI is $153,305.

The applicant has also committed to addressing any cost overrun issues.

TIMELINE:

The project schedule indicates that preliminary plans and working drawings will be completed in November with OSHPD review to take 3 months, and construction to take 4 months. Occupancy would occur in July 2008 assuming a July 2007 award.

INSTITUTIONAL COMMITMENT:

The applicant indicates that $84,687 will be provided as institutional matching funds. This amount represents 20 percent of the $423,428 requested for construction. However, costs for architectural fees and other noncontract costs exceed the RFA guideline by $25,204.

HISTORICAL PERFORMANCE:

Data for three projects undertaken in 2006 using in-house forces and ranging in cost from $75,000 to $333,000 were submitted as information on historical performance. The actual project costs were 7.5 percent under budget in one case, 3.5 percent over budget in another, and 30 percent over budget in the other. The actual completion dates for the projects ranged from one to six weeks after the scheduled completion. The number of change orders ranged from 1 to 7 for the three projects.

The applicant indicates that there has been only one laboratory renovation project undertaken in the last two years in the range of $1 million to $5 million, that project being $5 million in value.

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RESPONSIVENESS:

Shared Laboratory: The applicant indicates that there are 6 researchers based at the host institution that are planning to utilize the shared space. Other regional users are from educational institutions in the area.

Techniques Course: The applicant has not requested funding for a techniques course.

Facilities Work Group Issues

- **Unallowable Costs--**How will the Facilities Working Group resolve the fact that the amount budgeted for design fees, administrative costs and contingency exceed the amount allowed in the RFA by $25,204?

The grant management office will need to confirm that all conditions of the grant as indicated in the Grants Administration Policy have been met. This would include confirming that all past work is consistent with grant requirements for prevailing wage and other construction-related requirements. This includes confirmation that equipment funds are budgeted pursuant the Grants Administration Policy as adopted December 7, 2006.